

2014

A BIG YEAR IN NUMBERS



VIRGINIA BEACH DEVELOPMENT AUTHORITY ANNUAL REPORT 2014-15



ONE OF AMERICA'S

**50 BEST
CITIES
TO LIVE"**

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SEPTEMBER 2014

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2015



DEAR VIRGINIA BEACH CITY COUNCIL, CITIZENS AND BUSINESS COMMUNITY:

The Virginia Beach Development Authority exists to support the implementation of the City's strategic economic vision. I am happy to report that in FY2014-15 we were successful in that mission. The Department of Economic Development recorded the creation of 2,200 new jobs by 52 projects, an increase of more than 1,000 jobs over the previous year. The City of Virginia Beach finished the year with a 4.8% unemployment rate, well below that of the U.S. overall (5.5%) and the Commonwealth of Virginia (5.0%).

Significant growth occurred among each of our target business sectors, including 13 announcements by SWaM (Small, Women- and Minority-Owned) businesses. Nearly 40% of new jobs were created by the Virginia Beach technology sector. The Authority finalized the sale of 10 acres of property for private development. Additionally, every \$1 in local investment grants approved returned more than \$37 in new private investment; in total, the \$1.6 million worth of grants helped create 1,000 new jobs with average annual salaries exceeding \$42,000.

Virginia Beach has always been a leader in launching innovative programs and partnerships to create opportunities for job creation and new capital investment. This year, one of the most dynamic new initiatives in the City's history launched in the form of Virginia Beach Bio. This targeted strategy, designed to establish a viable bio science industry cluster program for the City, has already been adopted as a model for the entire Virginia Bio Science program.

Your Development Authority appreciates the trust and responsibility granted it by City Council. Every day, each volunteer member works tirelessly with a fantastic professional staff to ensure that residents of Virginia Beach live in one of the most economically successful cities in the world. It's truly an honor to serve this great City.

Respectfully,

Elizabeth A. Twohy
Chair



A MILLENNIAL BOOMTOWN™

- FORBES AUGUST 2014

VIRGINIA BEACH DEVELOPMENT AUTHORITY

Elizabeth A. Twohy

Chair
Capital Concrete, Inc.

Linwood O. Branch

Commissioner
Days Inn Virginia Beach

Bryan D. Cuffee

Treasurer
GoldKey/PHR Hotel & Resorts

Michael H. Levinson

Commissioner
Michael H. Levinson & Associates

Stephen J. McNulty

Commissioner
TowneBank

Shewling Moy

Secretary
Coldwell Banker Professional Realtors

Peter K. Mueller

Commissioner
STIHL, Inc

Robert L. Nicholson

Assistant Secretary
East Coast Appliance, Inc.

Charles M. Sallé

Commissioner
ADS, Inc.

Joseph E. Strange

Commissioner
Tidewater Sew Vac, Inc.

Dorothy L. Wood

Vice Chair
JD&W, Inc.

CITY LEADERSHIP

William D. Sessoms, Jr.

Mayor

Benjamin Davenport

Bob Dyer

Barbara M. Henley

Louis R. Jones

Vice Mayor/Liaison to the Virginia Beach Development Authority

Shannon DS Kane

John D. Moss

Amelia N. Ross-Hammond

Rosemary C. Wilson

Liaison to the Virginia Beach Development Authority

John E. Uhrin

James L. Wood

CITY STAFF

James K. Spore

City Manager

Ruth Hodges Fraser

City Clerk

Mark D. Stiles

City Attorney

Douglas L. Smith

Deputy City Manager

Alexander W. Stiles

Senior City Attorney

VIRGINIA BEACH ECONOMIC DEVELOPMENT

Warren D. Harris

Director

Linda Assaid

Economic Development Technician/
Clerk to the Virginia Beach
Development Authority

Michelle Chapleau

Business Development Manager

Betty Clark

Executive Assistant to the Director

Curtis Cobert, Jr.

Business Development Manager

David Couch

Strategy Coordinator

Scott Hall

Business Development Coordinator

Steve Harrison

Business Development and Research
Manager

Ashley Hashampour

GrowSmart Associate

Rob Hudome

Project Development Manager

Lloyd Jackson

Business Development Manager

Karen Kehoe

GrowSmart Coordinator

Sean Murphy

VBDA Accountant

Olivia O'Bry

Economic Development Assistant

Jeffrey Smith

Business Development Manager

Jerry Stewart

Workforce Development Coordinator

Svetla Tomanova

Marketing Assistant

Mark Wawner

Project Development Coordinator

Ray White

Business Development Manager

IT WAS A
BIG YEAR
FOR BIG
NUMBERS

2014 was another year of milestones and accomplishments. As always, it was a total team effort, with input and cooperation between numerous City departments and private entities. Check out some of our big numbers for the year - but careful, they're heavy.

EXISTING INDUSTRY EXPANSIONS

BUSINESS EXPANSIONS:	39
NEW JOBS:	1,682
RETAINED JOBS:	5,566
INVESTMENT:	\$53.09M
SQUARE FOOTAGE:	480,000
SWAM ANNOUNCEMENTS:	13

NEW LOCATIONS

NEW BUSINESS LOCATIONS:	13
NEW JOBS:	515
INVESTMENT:	\$5.65M
SQUARE FOOTAGE:	451,000
SWAM ANNOUNCEMENTS:	0

TOTAL ANNOUNCEMENTS

ANNOUNCEMENTS:	52
NEW JOBS:	2,197
RETAINED JOBS:	5,566
INVESTMENT:	\$58.74M
SQUARE FOOTAGE:	931,000
SWAM ANNOUNCEMENTS:	13
INTERNATIONAL ANNOUNCEMENTS:	5
TECHNOLOGY JOBS CREATED:	844

KEY PROJECTS/INITIATIVES

The Virginia Beach Development Authority (VBDA) is an 11-member board, appointed by City Council to facilitate the expansion of the Virginia Beach tax base and creation of new employment opportunities through increased business development and redevelopment. The Authority owns and develops land, owns and oversees the management of certain public facilities, administers the City's Economic Development Investment Program (EDIP), induces the issuance of Industrial Revenue Bonds, and advises/supports Staff in the implementation of the City's overall Economic Development program.

45

**MILLION DOLLARS
IN REVENUE BONDS**



SOLD 9 ACRES
IN CORPORATE LANDING
BUSINESS PARK TO GREEN
FLASH BREWING



SOLD 1 ACRE
IN TOWN CENTER BLOCK 9
TO ARMADA HOFFLER
PROPERTIES



919 SPACES
ADDED TO THE PUBLIC
PARKING SYSTEM WITH
PURCHASE OF BLOCK 11
PARKING GARAGE IN
TOWN CENTER



18.245 ACRES
OF LAND TRANSFERRED
FROM CITY OF VIRGINIA
BEACH FOR DEVELOPMENT
(LONDON BRIDGE COMMERCE CENTER)



\$4.2 MILLION
OF INDUSTRIAL REVENUE
BONDS ISSUED FOR
CHESAPEAKE BAY
ACADEMY



\$52 MILLION
IN PUBLIC FACILITY
BONDS ISSUED



THE CAVALIER

In FY13/14, the VBDA approved an \$8.2 million grant for the preservation and redevelopment of the historic Cavalier Hotel, as well as the redevelopment of associated oceanfront properties. Preservation plans were approved this fiscal year, and construction commenced on the renovation of one of the City's most iconic structures.

154.5

154.5 MILLION DOLLAR HOTEL PRESERVATION AND REDEVELOPMENT



VA ViBe!

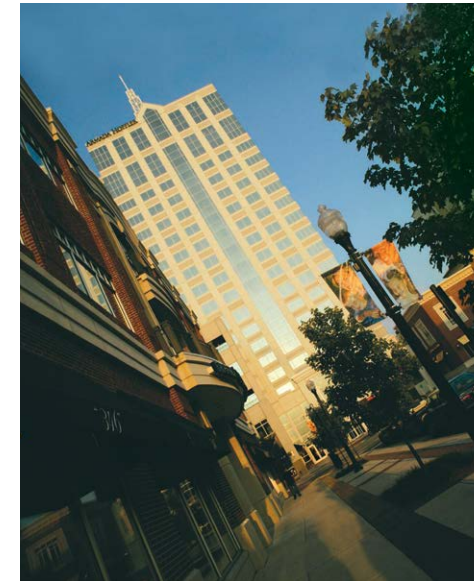
The VBDA continued to work with Peterson Companies on the redevelopment of a 10-acre parcel in the heart of the resort area into a 230,000-square-foot entertainment center. On June 16, 2015, the Authority approved a 12-month extension of an exclusive negotiation period to allow completion of both term sheet and development agreement for the project.



VIRGINIA BEACH NATIONAL GOLF COURSE

The Virginia Beach National Golf Course, which is owned by the VBDA, continues to be operated by Virginia Beach Golf Club, LLC. The VBDA received more than \$152,000 of rental income for calendar year 2014 from the facility in addition to the taxes generated, which were paid to the City to support basic City services. Activity on the course totaled 26,195 rounds of 18-hole equivalents. In addition, the VBDA is utilizing a portion of the rent revenues received to fund capital repairs and maintenance to the facility.

On May 1, 2015, the VBDA presented the 7th Annual Virginia Beach Business Appreciation Golf Classic as part of the City's Business Appreciation Program. The tournament raised more than \$15,000 from the local business community for three local charities: Tallwood High School Global Studies and World Languages Academy; Virginia Beach Public Schools STEM Robotic Challenge; and Urban League of Hampton Roads.



TOWN CENTER SPECIAL SERVICE DISTRICT (SSD)

The SSD is the Town Center core area sometimes referred to as the Central Business District. Owners of the property located in the SSD pay an additional tax to cover the costs associated with the maintenance of the garages and enhanced services in the core area, and to build a long-term maintenance reserve.

In FY2014-15, the VBDA approved a \$2.32 million SSD budget for FY2015-16. The tax rate remained at a level of 45 cents per hundred dollars of assessed value, although the real estate assessments decreased slightly from the prior fiscal year. The VBDA continues to work with City staff and property owners within the SSD to provide needed services in a cost effective manner.



FARM BUREAU LIVE AT VIRGINIA BEACH

In 2014, its 19th season, Farm Bureau Live at Virginia Beach, recognized as one of the top amphitheatres in the country, returned 16.78% on the City's \$10.5 million investment and provided a venue for world-renowned performers and local cultural and community events.

During the 2014 season, the amphitheater held 28 events with attendance of nearly 320,000 patrons. In the first 19 years of operation, the amphitheater has provided performances for more than 5.3 million music lovers and generated more than \$23.3 million in direct revenue for the City.

190

190 GRANTS WORTH \$50.25 MILLION INCENTIVIZING THE CREATION AND RETENTION OF 31,627 JOBS AND \$1.91 BILLION IN NEW CAPITAL INVESTMENT

The Economic Development Investment Program is a locally funded and administered discretionary incentive program available to assist qualifying companies with their growth needs in Virginia Beach. The VBDA has been administering this program on behalf of the City Council since 1994. During this time, the VBDA has awarded 190 grants worth \$50.25 million incentivizing the creation and retention of 31,627 jobs and \$1.91 billion in new capital investment.

For FY2014-15, 22 grants totaling \$1,615,000 were approved, which are intended to leverage more than \$59.8 million in capital investment and create or retain 2,239 jobs in the City of Virginia Beach. The average salary for new jobs created by these projects exceeded \$42,000.

COMPANIES RECEIVING GRANT AWARDS

Traditional Awards

Company	Amount of EDIP	Amount of Investment	Number of Employees
CMP Global, Inc.	\$110,000	\$3,000,000	70 (new)
Anderson's Home & Garden Showplace	\$150,000	\$8,500,000	48 (new)
Tidewater Tactical	\$30,000	\$1,145,000	5 (new) 8 (retained)
AETNA Wires	\$40,000	\$6,300,000	25 (new) 116 (retained)
DOMA Technologies	\$90,000	\$1,000,000	150 (new) 95 (retained)
Top Golf	\$300,000	\$29,900,000	125 (new)
JTH Holding (Liberty Tax)	\$150,000	\$2,000,000	100 (new) 393 (retained)
StarChase	\$50,000	\$160,000	35 (new) 10 (retained)
Cape Henry Associates	\$75,000	\$150,000	36 (new) 108 (retained)
Dreamlight, Inc.	\$20,000	\$1,160,000	45 (new) 60 (retained)
GovSolutions	\$20,000	\$830,000	10 (new) 13 (retained)
APAC Customer Services	\$50,000	\$600,000	175 (new) 245 (retained)
Chesapeake Bay Distillery	\$15,000	\$385,000	N/A
Mission Enterprises	\$20,000	\$1,900,000	N/A
Global Supply Solutions	\$30,000	\$777,656	3 (new) 17 (retained)
Zero Point	\$125,000	\$1,645,000	43 (new) 11 (retained)
Valkyrie Enterprises	\$100,000	\$330,000	100 (new) 193 (retained)

APZ1 Project Awards

Company	Amount of EDIP	Amount of Investment
Tidewater Valve & Fitting	\$40,000	\$420,871
VT Milcom	\$110,000	\$2,017,000
Powertrain Industries	\$25,000	\$310,000
S&S Precision	\$40,000	\$2,040,000
YUMJACK, LLC	\$25,000	\$414,000





52 ANNOUNCED PROJECTS (THAT'S ONE A WEEK!)

Virginia Beach's explosive business growth is not by accident, nor without a plan. On the contrary, we have been extremely selective in targeting businesses and industries that we believe to be best suited for what we have to offer. This means greater efficiency in our recruiting efforts, a better conversion rate, more businesses opening shop and more people put to work.

Economic diversity is key to creating a sustainable economy for the City of Virginia Beach. By focusing on key industry sectors, the City maximizes its competitive advantages while ensuring its companies have the support necessary for long-term success. This past year, each of the 52 announced projects fell within a sector targeted in the Economic Development Strategic Plan.

TECHNOLOGY

DOMA Technologies, a Virginia Beach-based documents management company, created 150 new jobs in support of its contract to assist the US Veterans Administration in reducing their client services backlog.

Marathon Consulting announced the creation of 39 new software engineering and design positions as part of the expansion of its corporate headquarters.

StarChase, a local developer of new tracking technologies, created 35 new jobs through expansion of its headquarters and manufacturing operations.

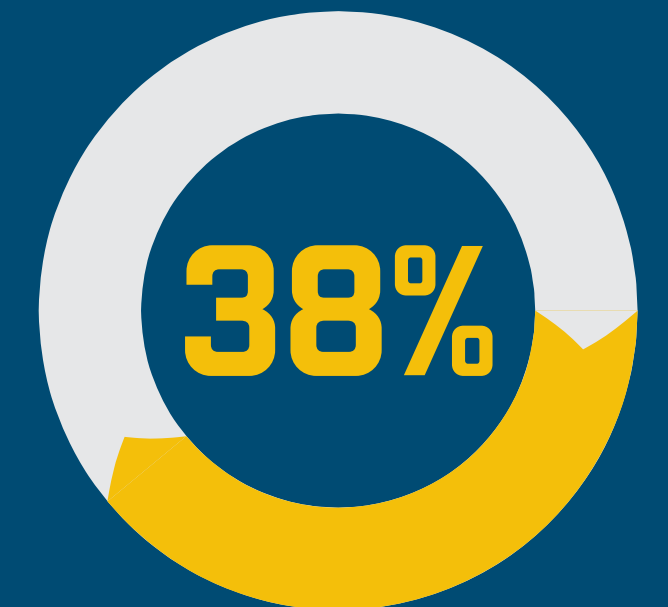
Valkyrie added 100 new employees to its Virginia Beach headquarters to support their information security and systems integration operations.

VT Milcom expanded its regional headquarters by 38,000 square feet, hiring 64 new employees and investing \$6.50 million in support of its advanced electronics and communications systems functions.

Virginia Beach Economic Development hosted the region's first Cybersecurity Roundtable, bringing together more than 50 of the area's business and academic leaders to begin a coordinated approach to growing this critical industry sector.



**38% OF ALL
NEW JOBS
IN 14/15
WERE IN THE
TECHNOLOGY
SECTOR.**



BIO/LIFE SCIENCES

Princess Anne Commons Biomedical Cluster

Located in the southern portion of the City, Princess Anne Commons is a medical, recreation and higher education hub. The area's healthcare cluster includes LifeNet Health, a global leader in the field of regenerative medicine and organ donation, and Sentara Princess Anne Hospital, the region's newest hospital, which employs 1,230 people. Operation Smile, the international children's medical charity responsible for more than 220,000 free surgical procedures worldwide, also has its corporate headquarters and more than 100 employees in the district.

Also anchoring the area are the educational facilities of Tidewater Community College, the Virginia Beach Advanced Technology Center, the Governor's STEM & Technology Academy at Landstown High School, and the Virginia Beach Higher Education Center, a collaboration between the City, Old Dominion University and Norfolk State University.

VaBeachBio successfully launched this past year with the approval of a strategic plan, establishment of the Virginia Beach Bio Task Force, and initial funding of \$1 million by Virginia Beach City Council. The program is designed to maximize the bioscience resources already existing in the Virginia Beach market in order to grow a viable and tangible bio and life science business sector in the City.

Designed by a task force of key private and public sector stakeholders from around the entire Commonwealth of Virginia, VaBeachBio identifies four specific areas of focus for the City's bioscience efforts: Metabolic Cardiovascular Disease; Diabetes; Neuroscience/Traumatic Brain Injury; and Wounded Veteran-related injuries.

Working with the Bio Task Force, staff have begun the implementation of a 10-point strategic plan:

- Establish industry-specific incentives to assist research-oriented bio innovators
- Create a bio accelerator
- Package accelerator services
- Begin development of a 150-acre bio business park on identified city-owned property
- Enhance the City's access to a high-speed broadband network that supports the research and development needs of the bio sector
- Create a VaBeachBio brand identity
- Recruit new Bio companies to Virginia Beach from outside the market
- Work with appropriate State officials and industry stakeholders
- Assist existing bio companies
- Enhance available bio-focused workforce development programs

Additional accomplishments within this sector included:

- Operation Smile added 23 new employees to their global headquarters
- LifeNet Health expanded their corporate headquarters by hiring 160 additional employees to support their research and regenerative health programs
- Molina Healthcare, a healthcare services and information management company, opened their first Virginia Beach facility with 12 employees in leasing 11,500 square feet of space



LIFENET HEALTH EXPANDED THEIR CORPORATE HEADQUARTERS BY HIRING 160 ADDITIONAL EMPLOYEES.



PROFESSIONAL SERVICES

EGS Corporation nearly doubled their Virginia Beach service center, announcing the creation of **175 new jobs**. EGS is a global provider of customer and account management services.

GEICO added **120 new positions** in Virginia Beach, expanding their workforce to nearly 2,700 employees.

Liberty Tax Services expanded their corporate headquarters, creating **100 new positions** as well as acquiring more than 36,000 square feet of office space.

USI Insurance Services relocated **150 administrative services positions** to Virginia Beach, leasing 19,335 square feet of office space in Town Center.



MANUFACTURING

Haulotte North America announced the relocation of its headquarters to Virginia Beach from Maryland. The French-based manufacturer of industrial lift equipment is creating **67 new jobs** and leasing 87,000 square feet of industrial space.

Aetna Insulated Wire, a subsidiary of Marmon Group (a Berkshire Hathaway Company) invested more than **\$6.3 million in relocating 25 positions to its** 380,000 sf Virginia Beach facility.

Dreamlight USA, one of the world's premier manufacturers of active wear for the gymnastics industry, announced a major expansion that includes **45 new jobs and \$1.16 million in new investment**.

Acoustical Sheetmetal, Inc., a leader in the design and manufacture of sound-attenuated enclosures, **created 48 new jobs**.

VersAbility announced plans to create **53 new jobs and invest \$2.25 million** to open a new 130,000-square-foot electronics recycling center.



MARITIME & LOGISTICS

Artemis Global Logistics & Solutions relocated their corporate headquarters to Virginia Beach, **creating 15 new jobs** to support their global logistics operations.

Powertrain Industries, a California-based manufacturer of automotive supplies, expanded their East Coast headquarters and distribution center, **investing \$1.26 million and hiring 8 new employees**.

Victory Tropical Oil **opened their US headquarters** in Virginia Beach to improve their global import and distribution operations.

W&O Supply, a supplier of engineered products to the marine and energy sectors, **leased 41,000 square feet of distribution space** in Airport Industrial Park.



DEFENSE

Cape Henry Associates expanded their corporate headquarters by leasing 20,000 square feet of office space in the Lynnhaven market and **creating 36 additional jobs**; the company provides training solutions to Department of Defense activities.

Global Supply Solutions, provider of tactical and outdoor gear, **invested \$2.2 million in creating 3 new jobs** to move their headquarters into a 10,000-square-foot facility.

Regulus Global doubled their employment by **creating 25 new jobs and investing \$3.45 million** to construct a new 30,000-square-foot headquarters and distribution facility.

Zero Point, a global security solutions company, announced plans to **create 44 new jobs and invest \$2.15 million** to expand their corporate headquarters operations.



RETAIL

Anderson's Home & Garden Showcase announced plans to build a 35,000-square-foot retail center, **investing \$6 million and creating 48 new jobs**.

Chesapeake Bay Distillery, a specialty spirits manufacturer, **invested \$1.22 million** in a new distillery and retail operation.

Walmart Neighborhood Market, HobbyLobby and Onelife Fitness **combined to backfill 146,000 square feet of long-vacant retail space** at MarketSquare, a freshly redeveloped shopping center constructed in 1973.

General Growth Properties continued work on the second stage of a **multi-million-dollar interior and exterior renovation** of the 1.2 million-square-foot Lynnhaven Mall; new stores include Apple Store, White House/Black Market, Michael Kors, House of Hoops by Foot Locker, and Oro Gold.

Tupelo Honey Café opened its 11th restaurant, **leasing 7,200 square feet** in TownCenter's new 4525 Main development.

Recreational Equipment, Inc., known as REI, began construction of its first store in the region; **the 24,700-square-foot store** is part of the continued repositioning of Pembroke Mall, and will be joined by Nordstrom Rack, DSW and Fresh Market.



ADDITIONAL ITEMS

Construction began on TopGolf Virginia Beach, a **\$30 million golf** entertainment center scheduled to open December 2015.

Construction began on the new 58,000-square-foot East Coast brewery for Green Flash Brewing Company; the **\$20 million facility** will produce up to 100,000 barrels of beer a year.

The ViBe Creative District in the Oceanfront Resort Area was established, focusing on local and regional working artists and related retail. The VBDA provided grants for two projects in the ViBe District this year, including The Mark, a **10,000-square-foot mixed-use redevelopment** of an obsolescent retail building into a restaurant, florist shop, outdoor garden and small business co-working facility.

YesOceana, Virginia Beach's award-winning Oceana Land Use Conformity Program, was created to help reduce the incompatible land uses surrounding Naval Air Station (NAS) Oceana, the Navy's East Coast Master Jet Base. NAS Oceana generates 16,000 jobs with a total payroll of more than \$1.18 billion and is one of the most important components of the Virginia Beach economy.

To date, a total of 53 non-conforming commercial properties have been eliminated in key zones around the air station, and the City has committed a total of \$2.4 million to 30 businesses to promote compatible uses within the district. Included in that total, the Development Authority has awarded \$2.1 million in Economic Development Investment Program (EDIP) grants for projects under the YesOceana program, leveraging more than \$26 million in new private investment.

The commitment demonstrated by the Commonwealth, the City of Virginia Beach and the partnership with the Navy continues to be a successful model for reducing incompatible development. As a result of the program's continued success, the Cities of Chesapeake and Hampton are in the process of receiving funding to develop similar programs to address encroachment.



44 BEST LARGE CITY FOR VETERANS TO LIVE.”

- USA TODAY JUNE 2015

270,000

\$270,000 TOTAL EDIP AWARDS TO SIX BUSINESSES; LEVERAGED CREATION OF \$13.6 MILLION NEW INVESTMENT AND USE OF 197,000 SQUARE FEET OF COMMERCIAL SPACE

MASTER PLANNING OF LONDON BRIDGE COMMERCE CENTER, AN 18-ACRE INDUSTRIAL PARK REDEVELOPMENT PROJECT

RECEIVED THE 2014 GOLD EXCELLENCE AWARD FOR REAL ESTATE REDEVELOPMENT & REUSE FROM THE INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL (IEDC)

CONSTRUCTION COMPLETION OF 8,000-SQUARE-FOOT ELITE MOTORS REDEVELOPMENT PROJECT

EIGHT-PAGE FEATURE ARTICLE IN THE WINTER 2015 IEDC ECONOMIC DEVELOPMENT JOURNAL



**17 VIRGINIA
BEACH
COMPANIES
AMONG THE
INC. 5000
FASTEST-
GROWING
IN AMERICA**

SMALL BUSINESS. BIG NUMBERS.

Just under ninety-five percent of all business establishments in Virginia Beach have fewer than 50 employees, which makes small business support a critical function for the City. The Virginia Beach Development Authority, together with numerous partners, provides a wide range of support activities for entrepreneurial start-ups as well as established small businesses and certified SWaM (Small, Women- and Minority-Owned), Service-Disabled, Veteran-Owned Businesses. Working with staff, a comprehensive program has been designed to generate new capital investment and employment opportunities within each of these communities. SWaM companies accounted for twenty-five percent of all announcements this past fiscal year, representing 274 new jobs and \$11.25 million in new investment.

The Virginia Beach Development Authority continued to provide \$12,500 in funding for management, technical, and other assistance offered through the Small Business Development Center of Hampton Roads, Inc (SBDC). During the 2014 calendar year, the SBDC provided direct assistance to 49 clients from Virginia Beach.

Virginia Beach Department of Economic Development (VBDED) expanded its annual series of free workshops for small business owners at the City's Advanced Technology Center, covering topics such as Contract Administration, Cybersecurity, Google Analytics, Subcontracts and IT Concepts. Additionally, in partnership with the City's Finance Department and the SBDC, VBDED hosted a Contractor's Institute to train small contractors on how best to position themselves to compete for public procurement opportunities.

Virginia Beach Economic Development also co-hosted, with Councilmember Amelia Ross-Hammond, a forum to connect SWaM businesses directly with established large businesses to learn how to identify vendor and business partnership opportunities.

The regional chapter of SCORE (Service Corps of Retired Executives) provided individual, confidential counseling to 200 small businesses out of the Virginia Beach Economic Development offices this past year.



274 NEW JOBS AND \$11.25 MILLION IN NEW INVESTMENTS

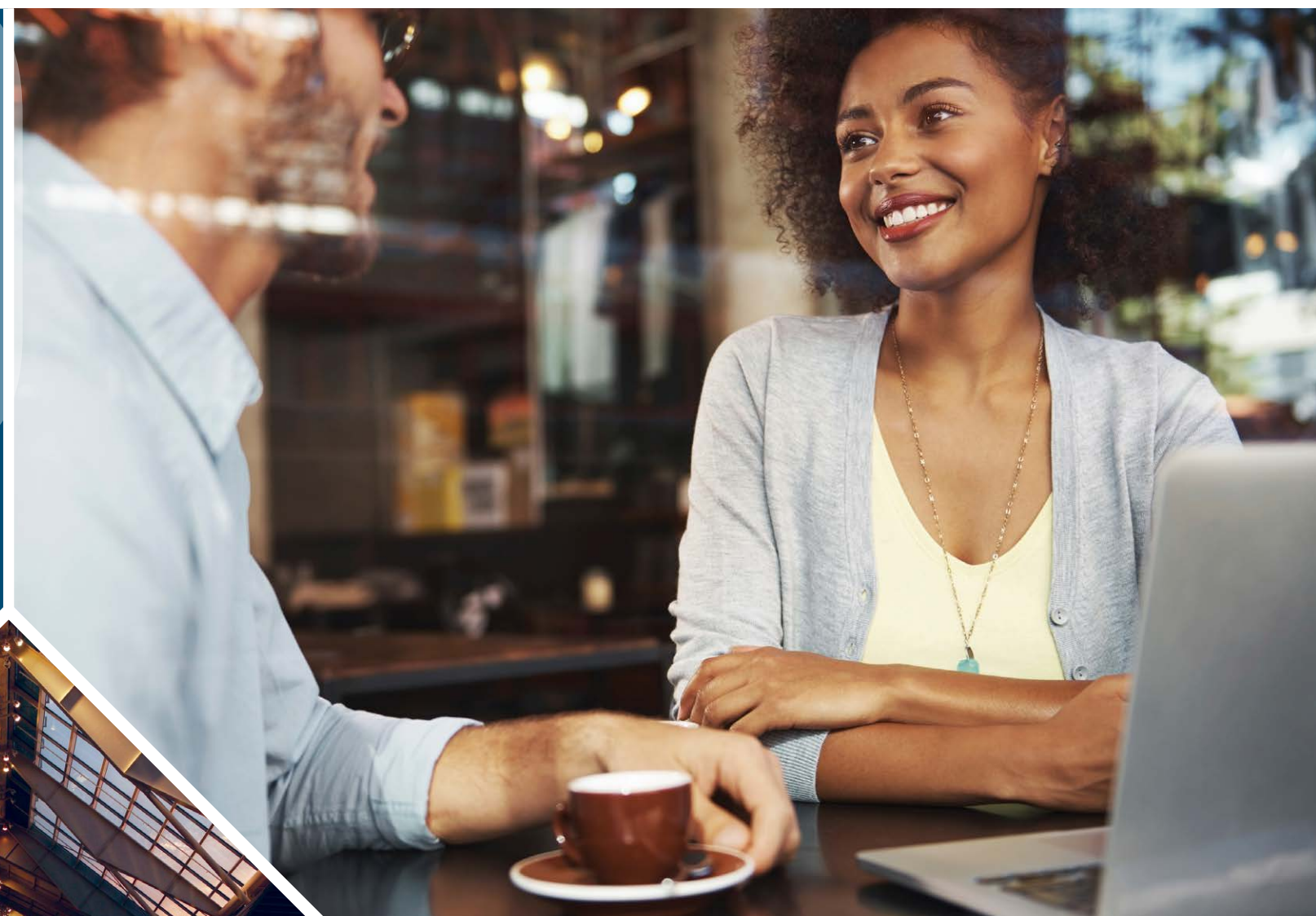
1,000,000

1,000,000 CUPS RUNNETH OVER WITH OPPORTUNITY

The MSA ranked 19th in US for business startup activity, the fifth-highest jump in the country.

Virginia Beach was home to 33% of all new startup activity in the MSA, and 4% for the entire Commonwealth.

This past year, Virginia Beach received a \$500,000 grant from the Kauffman Foundation to become one of 50 US cities to establish a 1 Million Cups entrepreneurial engagement program. Based on the notion that entrepreneurs discover solutions and network over a million cups of coffee, this free weekly program hosted locally at the Virginia Beach campus of Stratford University enables entrepreneurs to present their business ideas to mentors and business advisors.



VIRGINIA BEACH RECEIVED A \$500,000 GRANT FROM THE KAUFFMAN FOUNDATION TO BECOME ONE OF 50 US CITIES TO ESTABLISH A 1 MILLION CUPS ENTREPRENEURIAL ENGAGEMENT PROGRAM.



130 NEW LEADS WERE GENERATED
FROM THE CITY'S EUROPEAN OFFICE.

Global trade is big business in Virginia Beach, with more than 20 international-based firms having a U.S. or North American headquarters here. That number increased this year as Haulotte North America, a subsidiary of the Haulotte Group based in L'Horme France, relocated its corporate headquarters to Virginia Beach. The company, which manufactures industrial lift equipment, leased 85,000 square feet of existing space in creating 70 new jobs.

Nearly 30 percent of all prospect activity tracked by VBDED staff is generated by foreign-based companies. In FY2014-15, staff participated in 16 international marketing missions and events, including:

- Hosted the Virginia Beach International Roundtable with the 12 Honorary Consuls based in the region
- Hosted visits from Ambassadors to the US of both Nicaragua and the Philippines
- Hosted German Business Round Table at Commerzbank corporate headquarters in Frankfurt, Germany
- Co-sponsored the Virginia Conference on World Trade
- Participated in trade shows and marketing missions to the Philippines, Germany, Belgium, the Netherlands and Spain
- The City's European office generated 130 new leads
- The Department also published its first international business eBook



The Virginia Beach Workforce Development Program, the first of its kind in the region, is recognized as one of the most successful local programs in the country. Three professional staff members engage directly with the local business community, prospects and education providers on a daily basis, focusing on a variety of Workforce Development issues ranging from pre-natal care and preschool services to apprenticeship training and post-graduate project management education.

In one of the city's most significant workforce development announcements this year, Tidewater Community College (TCC) announced the opening of a new Workforce Solutions Center in space adjacent to the Virginia Beach Economic Development Department. The Virginia Community College System is the lead workforce development agency in the Commonwealth of Virginia, and having the TCC Workforce Solutions Center in such close proximity significantly enhances the City's ability to serve the workforce needs of its businesses.

The City's manufacturing training initiative continued to expand as IMS: Gear partnered with TCC to offer entry-level manufacturing training at its on-site industrial lab. Busch Manufacturing has created a similar lab for the training of their employees. In addition, the formal apprenticeship program at STIHL Inc. received certification from IHK (German Chamber of Commerce and Industry), and both IMS: Gear and Hermes Abrasives entered into partnership with STIHL to expand local apprenticeship opportunities.

The Authority and staff continue to support the Virginia Beach City Public Schools (VBCPS) Technical and Career Education Center with its existing industry and workplace readiness certification programs:

STUDENTS EARNED 8,481 VBCPS INDUSTRY CERTIFICATIONS – AN INCREASE OF MORE THAN 900 OVER THE PREVIOUS YEAR

1,903 VIRGINIA BEACH STUDENTS OBTAINED VBCPS WORKPLACE READINESS SKILLS CERTIFICATIONS – 300 MORE THAN LAST YEAR

In June 2015 more than 1,600 students participated in the VBCPS annual STEM Robotics and Maker Challenge, competing with their student-made robots and 3-D printed products. According to recent studies from The Brookings Institute, Virginia Beach has emerged as a national leader in the STEM economy. The Virginia Beach metropolitan area ranks as the 17th largest U.S. market for jobs most closely tied with STEM, and is also in the top 40 (out of 352 metro areas) in STEM knowledge and STEM share of employment.

ONE OF AMERICA'S MOST LITERATE CITIES"

- USA TODAY APRIL 2015

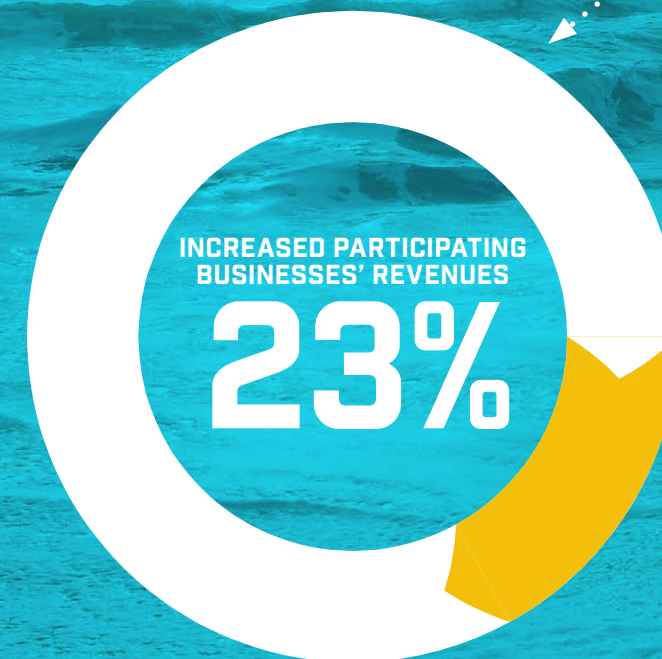
Virginia Beach GrowSmart's vision is that "all children will be born healthy, enter kindergarten ready to learn, and read proficiently by third grade, establishing a strong foundation for success in school and in life." Virginia Beach is proud to be the only economic development organization of its kind to formally incorporate early childhood education and development into its comprehensive workforce development strategy. Since 2011, the Department has received regional and national attention for its recognition that the creation of a skilled, educated future workforce begins at birth.

GrowSmart takes a multi-faceted approach to ensuring our youngest citizens get the best possible start in life. Through an award-winning partnership with the Small Business Development Center (SBDC), GrowSmart provides customized business training and mentorship to local small businesses in the childcare and early education industry. The program has impacted more than 2,400 families to date, with an average 23% increase in revenues for participating businesses in

the last year. In addition to making sure the businesses that care for young children thrive, GrowSmart helps to improve the quality of the care and education that is available to families of young children. Centers are sponsored to participate in the Virginia Star Quality Initiative, a quality rating and improvement system for early care and education sites. GrowSmart offers college scholarships, professional development opportunities, and a plethora of resources to teachers and caregivers of young children. There is also a strong parent education component, which includes print and online resources and family outreach events.

To sustain and build upon GrowSmart's past successes, the Virginia Beach GrowSmart Foundation was incorporated in 2014. The Foundation engages influential business leaders in our community to serve as champions of the importance of early education as an economic imperative.

IN 11 YEARS, THE PERCENTAGE OF VIRGINIA BEACH CHILDREN ENTERING KINDERGARTEN READY TO LEARN HAS INCREASED FROM **79% TO 90%**



OUR PARTNERSHIP WITH THE SBDC OF HAMPTON ROADS:

INCREASED PARTICIPATING BUSINESSES' REVENUES AN AVERAGE OF **23%**

CREATED **45 JOBS**

WON SMALL BUSINESS ADMINISTRATION'S 2014 "SMALL BUSINESS DEVELOPMENT CENTER EXCELLENCE & INNOVATION CENTER" AWARD

PROFESSIONAL DEVELOPMENT TRAINING PROVIDED TO **MORE THAN 340** EARLY EDUCATION PROVIDERS IN 2014-15

TEACHER SCHOLARSHIPS **AWARDED TO 17** EARLY CHILDHOOD EDUCATION PROFESSIONALS IN 2014-15

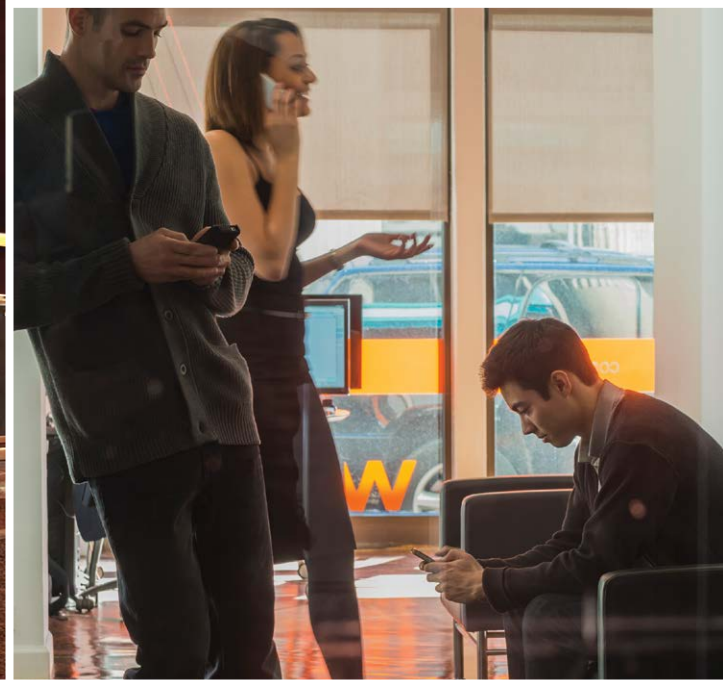
MORE THAN 199 COMMUNITY VOLUNTEERS SERVED AS GUEST READERS TO PRESCHOOLERS DURING OUR ANNUAL "READ ACROSS AMERICA DAY" IN 2015

90 COMMUNITY MEMBERS CURRENTLY SERVING AS VOLUNTEER LITERACY TUTORS TO **100** STRUGGLING FIRST GRADE READERS IN THREE ELEMENTARY SCHOOLS

COMPREHENSIVE KINDERGARTEN TRANSITION PROGRAM

MORE THAN 3,000 VIRGINIA BEACH CHILDREN AND FAMILIES IMPACTED





MARKETING 101 – BE VISIBLE!

The City continued to apply technology, big ideas and unconventional methods to reach prospects around the country and the world. For instance, we “wrapped” *Fortune* magazine for six issues, each one delivering four pages of our most compelling stories to CEOs and other corporate movers and shakers.

The Virginia Beach Department of Economic Development (VBDED) continued its aggressive marketing efforts this past fiscal year, with four key areas of focus:

- EXISTING INDUSTRY: MORE THAN 700 DIRECT OUTREACH CONTACTS WITH EXISTING VIRGINIA BEACH COMPANIES**
- BUSINESS ATTRACTION: 59 OFFICIAL TARGETED MARKETING EVENTS**
- ENTREPRENEURS & SMALL BUSINESS: LAUNCHED WEEKLY ENTREPRENEURIAL NETWORKING PROGRAM**
- BRAND DEVELOPMENT: EXPANDED MIX OF PERSONAL, PRINT AND DIGITAL MARKETING ACTIVITIES WHILE INCREASING PUBLIC RELATIONS OPPORTUNITIES**

Major areas of focus this past year included connecting with small to mid-sized companies, site selection consultants, and SWaM companies; launching the new VABeachBio initiative; increasing the Department’s digital presence; and increasing direct engagement with key private sector stakeholders.

Existing Industry

VBDED staff made more than 700 direct contacts with their existing business clients, contributing to 39 announced expansions accounting for the creation of nearly 1,700 new jobs. Seven expanding Virginia Beach companies reported the creation of more than 100 jobs each.

Additionally, six industry-specific roundtable events were held to provide more focused information exchanges with the business communities. Staff also expanded its use of digital media to better highlight recognitions and activities of the existing Virginia Beach business community, specifically through Twitter and the Department’s website.

Business Attraction

VBDED staff participated in 14 international and 45 domestic marketing events, resulting in meetings with more than 800 business decision makers and consultants, introducing and promoting Virginia Beach as a world-class business destination. These and other business attraction activities resulted in 13 new location announcements that created more than 500 new jobs.

Entrepreneurs & Small Business Development

The City continued to expand its programming for entrepreneurs, small and SWaM companies. According to Virginia Employment Commission statistics, 33 percent of all new startup activity in the region now occurs in Virginia Beach, and for FY2014-15, SWaM businesses accounted for 13 of 52 total business announcements.

Brand Development

Virginia Beach is recognized as a global economic development leader, earning three awards in 2014 from the International Economic Development Council for Global Excellence:

- **Gold: YesOceana**
- **Bronze: VBDA Annual Report**
- **Bronze: Blue Sky Thinkers Exiting Military Workforce Ad Campaign**

VBDED continued to expand its brand development activities this past year, utilizing a mix of targeted print and digital advertising, public relations and digital media outlets. The most aggressive initiative involved launching a targeted print advertising partnership with *Fortune* magazine that created 4,500 direct messaging opportunities to a targeted list of national business leaders.

The Department's digital advertising campaign, built around contextual messaging of targeted industry sectors, performed extremely well, with engagement levels 38% above the industry average and a call-to-action rate 323% better than the network average.

A new online video targeting millennial-oriented businesses significantly outperformed expectations, with more than 46% of viewers watching the four-minute video to completion.

Nineteen targeted email blasts were distributed to a database of 8,500 contacts, highlighting business

announcements, existing business activities and available commercial real estate properties.

VBDED launched a public relations campaign with targeted European business publications in support of its office in Düsseldorf, Germany. Feature stories were placed in four European print publications.

Use of digital media is a critical component of the overall brand development program, as it allows staff to more easily share critical data while also showing Virginia Beach as a city that understands and appreciates how technology can be used. This year, the Department's digital profiles passed the 2,000 follower mark to become one of the "most-followed" economic development agencies in Virginia. The yesvirginiabeach.com website was accessed by 32,000 first-time visitors. The number of downloads of the YesVirginiaBeach iPad app doubled over the previous year, to nearly 600.



5 MISSIONS TO MEET WITH SITE SELECTION CONSULTANTS

20 TRADE SHOWS

8 MARKETING MISSIONS

11 PROFESSIONAL CONFERENCES

15 SPECIAL EVENTS





CITY OF VIRGINIA BEACH DEPARTMENT OF ECONOMIC DEVELOPMENT

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